

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 IO-13 PA-01 PRS-01 L-03 H-02 AGR-05 /105 W

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R 271819Z JUL 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0732

INFO AMCONSUL DUSSELDORF

AMCONSUL BREMEN

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USNMR SHAPE

CINC USAFE RAMSTEIN

CINC USAREUR HEIDELBERG

CINC EUR VAIHINGEN

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY ROME

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 12638

E.O. 11652: N/A

TAGS: ELAB, GW

SUBJECT:1976 COLLECTIVE BARGAINING SETS LOWER WAGE

INCREASE PATTERN

REF: (A) BONN 08306; (B) BONN A-67; (C) BONN 12597

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1. SUMMARY: ACCORDING TO GOVERNMENT ESTIMATES, FRG TRADE UNIONS AND EMPLOYERS RENEGOTIATED WAGE AGREEMENTS FOR ABOUT 12 MILLION BLUE COLLAR WORKERS AND SALARIED EMPLOYEES DURING THE PERIOD JANUARY THROUGH MAY 1976. (ANOTHER FIVE MILLION WORKERS WILL BE COVERED IN SUBSEQUENT AGREEMENTS BEFORE THIS YEAR'S ROUND OF COLLECTIVE BARGAINING ENDS.) THESE AGREEMENTS PROVIDED LOWER PAY INCREASES THAN LAST YEAR AVERAGING SLIGHTLY LESS THAN 5.4 PERCENT EXCLUDING FRINGE BENEFITS. GOVERNMENT, TRADE UNIONS AND EMPLOYERS CHARACTERIZED THESE INCREASES AS MODERATE. END SUMMARY.

2. NEW AGREEMENTS NEGOTIATED BETWEEN JANUARY AND MAY IN METAL MANUFACTURING, HARD COAL MINING, CONSTRUCTION, GOVERNMENT ADMINISTRATION AND PUBLIC UTILITIES, PRIVATE BANKING AND INSURANCE, AND IN WHOLESALE AND RETAIL TRADE ESTABLISHED THE 1976 WAGE PATTERN OF LOWER WAGE INCREASES THAN IN 1975 AND 1974. INCREASES RANGED FROM 4.8 TO 6.4 PERCENT. THE AVERAGE RATE OF INCREASE FOR THESE NEW CONTRACTS AMOUNTED TO 5.4 PERCENT AS COMPARED TO 6.7 PERCENT IN 1975 AND 11.5 PERCENT IN 1974.

3. DESPITE FORECASTS OF A CONTINUED ECONOMIC UPSWING FROM GOVERNMENT, BUNDES BANK AND ECONOMIC EXPERTS, THESE WAGE NEGOTIATIONS STILL REFLECTED THE EFFECTS OF LAST YEAR'S ECONOMIC RECESSION AND CONTINUED HIGH UNEMPLOYMENT RATES. ALSO THERE WAS A MEASURE OF SUPPORT BY THE UNIONS FOR THE GOVERNMENT'S ECONOMIC POLICY TO BE MODERATE IN WAGE DEMANDS AS PART OF AN OVERALL ECONOMIC POLICY AIMED AT IMPROVING JOB CREATION.

4. THERE WERE NO QUICK SETTLEMENTS. THE UNIONS TRIED TO PROLONG NEGOTIATIONS EXPECTING THAT NEW INDICATIONS OF A MORE RAPID ECONOMIC UPSWING WOULD FAVOR THEIR CASE. BARGAINING SESSIONS WERE FREQUENTLY INTERRUPTED, GIVING BOTH PARTIES AN OPPORTUNITY TO PRESENT THEIR CASE TO THE PUBLIC. WITH THE EXCEPTION OF THE PRINTING INDUSTRY, LIMITED OFFICIAL USE

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ALL INDUSTRIAL SECTORS REACHED SETTLEMENTS WITHOUT STRIKES. HOWEVER, IN SOME CASES, THE PARTIES TURNED TO VOLUNTARY JOINT CONCILIATION BOARDS, ESTABLISHED UNDER THEIR COLLECTIVE AGREEMENTS, BEFORE REACHING AGREEMENT.

5. THE STRIKE IN THE PRINTING INDUSTRY, WHICH MANAGEMENT ANSWERED BY IMPOSING A TEMPORARY, NATION-WIDE LOCK-

OUT, IDLED ALMOST 100,000 WORKERS IN THE PRINTING INDUSTRY FOR OVER TWO WEEKS. THIS DISPUTE WAS SETTLED WITH A SIX PERCENT PAY INCREASE, A SLIGHTLY LARGER INCREASE THAN THE PREVIOUS PATTERN (SEE REFTEL A).

6. WITH SOME RESERVATIONS, UNIONS, EMPLOYERS' ASSOCIATIONS AND THE GOVERNMENT INDICATED IN PUBLIC STATEMENTS THAT THE RESULTS OF THE 1976 WAGE ROUND WERE MODERATE AND ACCEPTABLE.

7. THE FOLLOWING TABLE PROVIDES AN OVERVIEW OF THE MOST SIGNIFICANT COLLECTIVE AGREEMENTS SIGNED FROM JANUARY TO MAY 1976.

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INDUSTRIAL GROUP EMPLOYED PERCENT INCREASE EFFECTIVE

METAL MFG. 4 MILLION 5.4 1/1-4/1

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PUBL.SERVICES	2.1 MILL.	5.0	2/1
CONSTRUCTION	1.1 MILL.	5.3	5/1
CHEMICALS	660,000	5.85	4/1-5/1
PRIV.BANKING	300,000	5.4	3/1
PRIV.INSURANCE	200,000	5.4	4/1
TEXTILES	350,000	5.6	5/1
CLOTHING	280,000	5.4	5/1
HARD COAL	210,000	5.25	5/1
PRINTING	190,000	6.0	6/1
WOOD WORKING	200,000	6.0-6.4	1/1-3/1
PAPER	120,000	5.6	1/1
RETAIL TRADE	350,000	5.5	1/1
WHOLESALE TRADE	300,000	5.4	1/1

8. IN THE AREA OF FRINGE BENEFITS, WORKERS IN MANY OF THE ABOVE SECTORS COVERED BY THESE NEW CONTRACTS WILL RECEIVE IN 1976 IMPROVED ANNUAL LEAVE, SUPPLEMENTARY VACATION ALLOWANCES, BONUSES AND PROFIT SHARING BENEFITS. SOME OF THESE IMPROVED FRINGE BENEFITS RESULT FROM THIS YEAR'S NEGOTIATIONS WHILE OTHERS ALREADY HAD BEEN NEGOTIATED IN PREVIOUS YEARS BUT BECAME EFFECTIVE IN 1976.

9. COMMENT: TRADE UNION AND POLITICAL LEADERS ARE WATCHING CLOSELY PRICE AND PROFIT DEVELOPMENTS. ALTHOUGH THIS YEAR'S WAGE INCREASE PATTERN ALREADY HAS EMERGED, THERE ARE INDICATIONS THAT THE TRADE UNIONS MAY INCREASE THEIR WAGE DEMANDS WHEN COLLECTIVE BARGAINING IN OTHER INDUSTRIAL SECTORS STARTS AFTER THE SUMMER VACATION. ALSO THERE MAY BE ATTEMPTS BY THE METAL WORKERS' UNION TO CATCH UP IN NEGOTIATIONS ON A NEW WORKING CONDITIONS CONTRACT TO BETTER THE BENEFITS NEGOTIATED EARLIER IN THE YEAR.

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